S. HRG. 98-48

NOMINATION OF ROBERT E. LIGHTHIZER

HEARING

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

THE NOMINATION OF

ROBERT E. LIGHTHIZER TO BE DEPUTY U.S. TRADE REPRESENTATIVE

APRIL 14, 1983

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NOMINATION OF ROBERT E. LIGHTHIZER TO BE DEPUTY U.S. TRADE REPRESENTATIVE

THURSDAY, APRIL 14, 1983

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 9:17 a.m., in room SD-215, Dirksen Senate Office Building, Hon. Robert Dole (chairman) presiding.

Present: Senators Dole, Long, Bentsen, Moynihan, Baucus, Boren, and Danforth.

[The press release announcing the hearing follows:]

Press Release No. 83-127

PRESS RELEASE

FOR IMMEDIATE RELEASE
April 12, 1983

UNITED STATES SENATE
COMMITTEE ON FINANCE
SD-221 (formerly 2227) Dirksen Building

FINANCE COMMITTEE SCHEDULES HEARING ON THE NOMINATION OF ROBERT E. LIGHTHIZER TO BE DEPUTY U. S. TRADE REPRESENTATIVE

Robert J. Dole, Chairman of the Committee on Finance, announced today that the Committee has scheduled a hearing on the nomination of Robert E. Lighthizer to be Deputy U. S. Trade Representative.

The hearing is scheduled for Thursday, April 14, 1983 beginning at 9:15 a.m. It will be held in Room SD-215, Dirksen Senate Office Building.

Immediately following the hearing, the Committee will meet in executive session to consider the nomination.

Written Testimony--The Committee will be pleased to review written testimony from those persons or organizations who wish to submit statements on the nominations for the record. Statements submitted for inclusion in the record should be typewritten, not more than 25 double-spaced pages in length and mailed with five copies to be received by April 15, 1983, to Roderick A. DeArment, Deputy Chief Counsel, Committee on Finance, Room SD-221, Dirksen Senate Office Building, Washington, D.C. 20510.

P.R. #83-127

The CHAIRMAN. Our first order of business is a pleasant one. It is a pleasure to welcome Bob Lighthizer, the President's nominee to be a Deputy U.S. Trade Representative. I would say for the record that we have reviewed the financial disclosure forms and the material they have filed with the Office of Government Ethics, and I am satisfied there are no problems in that area.

I have also been informed by the Director of Government Ethics, and the Director of Government Ethics will soon send letters approving the nominee's compliance with the Ethics in Government Act, and this letter will be made a part of the record.

Bob, we are pleased to have you before the committee. We would be happy to have any statement that you may wish to make. The record should reflect that you have performed an outstanding service for all of us on the committee.

We also are pleased to have the senior Senator from Maryland here to formally introduce you to those of us on the committee.

[The material referred to and the résumé of Mr. Lighthizer follow:]

OFFICE OF GOVERNMENT ETHICS,
OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., April 14, 1983.

Hon. ROBERT DOLE,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Robert E. Lighthizer, who has been nominated by President Reagan for the position of Deputy United States Trade Representative.

We have reviewed the report and have also obtained advice from the Office of U.S. Trade Representative concerning any possible conflict in light of the Office's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Lighthizer is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

DAVID R. SCOTT,
Acting Director.

RÉSUMÉ

Name: Robert E. Lighthizer.
Born: October 11, 1947.
Marital Status: Married.
Address: 11916 Oden Court, Rockville, Md. 20852, (301) 881-8045.
Employment Experience:
January 1981 to Present—Chief Counsel and Staff Director, U.S. Senate Committee on Finance.
December, 1978 to January, 1981—Chief Minority Counsel, U.S. Senate Committee on Finance.
September 1973 to December 1978—Covington & Burling, Washington, D.C. Practiced law primarily in corporate litigation, including antitrust, government contract and environmental law cases, and had extensive experience before government agencies.
Education:
Legal: Georgetown University Law Center—J.D., 1973. Georgetown Law Journal, Board of Editors. National Moot Court Team (alternate).
College: Georgetown University, Washington, D.C.—B.A., 1969. Course: Liberal Arts—Government (Dean's List).

The CHAIRMAN. Senator Mathias.

STATEMENT OF HON. CHARLES McC. MATHIAS, JR., A U.S. SENATOR FROM THE STATE OF MARYLAND

Senator MATHIAS. Thank you, Mr. Chairman.

I am actually unable to introduce Bob Lighthizer to the committee because you already know him. I can't even present him to the committee because at the moment you have got him. [Laughter.]

But I am here simply to say that we are proud that he is a Marylander. We have great confidence in his integrity and in his abilities. I am able to more than just make a formal statement here because I have watched him very closely in his work in this committee. I have sought his advice and counsel on the floor during debates on bills that the Finance Committee has brought to the Senate, so I have a personal estimate of his capacity.

If he is half as good as the Deputy Trade Representative in selling American goods and services abroad as he has been on the Senate floor in selling some of the bills that you have sent over there, why he will reduce the trade deficit about in half within the first 6 months that he is down there.

So I don't know that I can say much more than that we heartily recommend him and hope that the full Senate will confirm him without delay.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Mathias.

Mr. Lighthizer, do you have members of your family here? I see a couple of character witnesses there. [Laughter.]

STATEMENT OF ROBERT E. LIGHTHIZER TO BE DEPUTY U.S. TRADE REPRESENTATIVE

Mr. LIGHTHIZER. Yes, Mr. Chairman. I think they will testify for me if given a chance. My wife, Cathy, and the one in the reclining position is my daughter, Claire, who is 2 years old. And my son who has a somber look on his face is Bobby. He will be 6 in June, Mr. Chairman.

The CHAIRMAN. He looks like a witness about ready to come up. [Laughter.]

Well, have you discussed possible conflicts of interest with the staff?

Mr. LIGHTHIZER. Yes, Mr. Chairman, I have discussed that material with the deputy chief counsel.

The CHAIRMAN. And has that been discussed on your side, Mike? [No response.]

The CHAIRMAN. Have you discussed that with Mr. Stern?

Mr. LIGHTHIZER. No, I have not, Mr. Chairman.

The CHAIRMAN. It might be well to do that. [Laughter.]

Is there any reason of which you are aware that would preclude you from serving in the office to which you have been nominated?

Mr. LIGHTHIZER. There is not, Mr. Chairman.

The CHAIRMAN. I think somebody stuck this question in. Are you fluent in French? [Laughter.]

Mr. LIGHTHIZER. I think fluent might be a slight exaggeration. Certainly the French wouldn't think so.

The CHAIRMAN. I won't ask the question. I think somebody on the staff you are leaving wanted you to demonstrate your French speaking ability to the members of the committee, but I won't go into that. [Laughter.]

Mr. LIGHTHIZER. Fortunately, Mr. Chairman, I will be able to correct the record when this is all over.

The CHAIRMAN. As you know, this new Deputy position was created in the late days of Congress last year. I know, for myself, and I think I can speak for others who represent agriculture, that we have felt for some time that there should be a stronger voice in the USTR with respect to agricultural concerns. I would hope that those concerns may be given proper consideration. I wonder if you would indicate for the record how you view the responsibilities that you will assume if you are confirmed.

Mr. LIGHTHIZER. Mr. Chairman, the way the office will be organized to some extent depends on what happens after I have been there for a while. But the plan at this point is to have two Deputy Trade Representatives in Washington, one of whom will generally be responsible for bilateral negotiations. And that will be Michael Smith who has a lot of experience in that area, who has been negotiating for a number of years, and has been with USTR for some time.

The other half of the office will consist of sector matters and policy development. This latter division and that will include agriculture as well as other specifically sectorial kinds of matters.

It is acknowledged by everyone, I think, that things don't tend to break down quite that clearly. But with two deputies, I think Senator Brock would like to start off with a division like that and then perhaps do some adjustments on an ad hoc basis. This organization does tend to give more coverage at the highest level of the agency to the agriculture area, but it also gives consideration to other sectors.

The CHAIRMAN. Is it fair to assume that you understand our interest in agriculture?

Mr. LIGHTHIZER. It is certainly fair to assume that I understand the degree to which you are concerned with agriculture.

The CHAIRMAN. I think I speak for other members on the committee.

Senator Long.

Senator LONG. Senator Boren was the first member here this morning, so I yield to the Senator.

The CHAIRMAN. Senator Boren.

Senator BOREN. Well, Mr. Chairman, I was going to ask the nominee this morning if he had any objection to having his nomination attached to the repeal of withholding. [Laughter.]

But I have decided that I will not ask that question.

I am pleased with the answers to the questions that you have already been asked and the emphasis which you placed on agriculture. And I really have no questions.

I would just say, Mr. Chairman, that I think we are very, very fortunate—and I know all of us feel this way—to have had the services on this committee of someone of Bob Lighthizer's ability. This is an instance in which we are dealing with an individual who obviously could be in the private sector earning far greater amounts of compensation. To see a person of his integrity and ability contributing and committing those abilities to public services is something which all of us deeply appreciate. I just want to say that I know that Bob Lighthizer will do an excellent job in this new ca-

pacity, and to again express my personal appreciation to him for all the courtesy that he has shown to me while he has been the counsel to this committee and for the excellent, hard, and very able work which he has contributed to us and for the contribution which he will continue to make to public service.

The CHAIRMAN. Thank you, Senator Boren.

Senator Long, you are next.

Senator LONG. I guess you need to know a little bit of French to hold that job over there. What does this mean: Cherchez la femme? What does that mean? [Laughter.]

Mr. LIGHTHIZER. I am not sure that is French, Senator Long. [Laughter.]

Senator LONG. If you want to be a policeman over there you have got to know what that means: Find the woman. [Laughter.]

You have had some experience, and you know at least what the members of this committee think about trade, and I think that you can do a good job of making our views understood where you are going. I hope that you will check that representation allowance in a hurry, because I believe that you are going to find that it is very inadequate. I think you would find that if you can entertain some people from time to time, you will be a more effective representative of this country. I think we on the committee ought to do our bit to see to it that our members of the USTR do have a proper entertainment allowance.

I am not going to ask for it, but when we come over there, if we manage to make a trip, we will be sort of disappointed if you don't invite us out and pick up the tab on at least one occasion. With these other people with whom you are doing business, if you look like you are a guy that would not pick up the tab for anything, who would not even pay a nickel to see an earthquake—then you are not going to be a very effective representative compared to people who can spread some joy around when they take people out and go to restaurants and things like that. That is just good politics and good representation. I really believe that you would find that the representation allowance is not adequate for that job, and that is true for your boss as well. I would be glad to support an increase.

Bob Strauss fed me a meal over there when he was the USTR. He and Betty Strauss took Mrs. Long and me out. And I sort of felt guilty about it. Of course, now that he is in private practice making all of that money, I don't feel the same way. But back at that time I did, because we don't adequately compensate people for the job that you will be doing, and we don't provide them with all the tools they ought to have.

I just want you to know as far as I am concerned, Mr. Lighthizer, you have done a good job for the country and for this committee, and I am pleased to support your nomination. And I will be happy to do what I can to communicate and try to work with you in advancing this Nation's interest. Goodness knows, we need somebody over there who understands what people are thinking and particularly what the Congress thinks. Altogether too often people misrepresent what the Congress really thinks about matters.

Mr. LIGHTHIZER. Thank you very much, Senator.

Senator LONG. And I think you know you will be able to project that.

Mr. LIGHTHIZER. Thank you very much.

The CHAIRMAN. Senator Danforth?

Senator DANFORTH. Mr. Chairman, I simply want to state that Bob Lighthizer has clearly done an excellent and very professional job as chief counsel of this committee. He will leave a big hole in the committee. And I am sure he will do an excellent job as Deputy Trade Representative. It is an outstanding appointment by the administration.

My only question is whether the rumors are true that the assistant to the Deputy Trade Representative is likely to be Mr. Patrick Ewing and whether that appointment is subject [laughter] is subject to confirmation by the Senate.

Mr. LIGHTHIZER. In fact, Senator, I believe it is almost determined that the committee has gotten Patrick Ewing to sign again for this summer.

The CHAIRMAN. Senator Baucus.

Senator BENTSEN. Mr. Chairman, is it too late to do anything? [Laughter.]

The CHAIRMAN. Well, the record is still open. In fact, right after Senator Baucus you will be the next man to say you are against the nomination.

Max.

Senator BAUCUS. Bob, I think you have done a great job. I think all of us on the committee hold that is their opinion. As a member of the other party, I have found you to be very professional and forthright. And it has meant a lot to me personally.

I want to echo the points that the chairman made with respect to agriculture. Agriculture means a lot to us in our State, as it does I think to almost everybody on this panel. And I hope that that is an issue that you keep on the front burner during your tenure.

And I also hope that you don't fall into the trap that some who represent the United States do, one may deal with foreign affairs, that is, looking at the world as a world community and trying to balance all interests; forgetting that they represent the United States first. It is important to remember that. And I know that you will. But I want you to know that as one observer of that process, sometimes I think that too often people in the State Department, the Department of Commerce, et cetera, just want to maintain the world order and don't advocate America's interest as strongly as they should.

And, finally, let me say that I hope that you are able to spend a little bit more time with your children and family. In your last incarnation I know how busy you were and how hard you worked, and it meant a lot to all of us. And I know how much your family means to you, too. And I just hope that you will be able to balance your professional life with time with your children and your family. That is very important, too.

Mr. LIGHTHIZER. Thank you, Senator.

Senator BAUCUS. Good luck. I wish you the best of luck.

Mr. LIGHTHIZER. And if at any time it appears that I lose consciousness of the fact that I am there representing this committee and this country, I hope that someone points it out to me. I don't expect to fall into that trap.

Senator BAUCUS. I hope we don't have to do that.

The CHAIRMAN. Senator Bentsen.

Senator BENTSEN. Well, I was a little concerned about Bob taking the job realizing there are only 2 years left in this administration. [Laughter.] But I was concerned about him taking a short-term job. I found out that you have a brother I believe it is who is a Democratic county executive in one of the counties of Maryland. So I think you're in good position whatever the next administration is. And I wish you well in it. Thank you.

Mr. LIGHTHIZER. Thank you very much, Senator.

The CHAIRMAN. Do you have any other statement you would like to make, Mr. Lighthizer?

Mr. LIGHTHIZER. If I could just very briefly state, Mr. Chairman, that I want to thank you and the members of the committee for giving me an opportunity to work here for almost 4½ years. The experience it would be, trite to say, was that of my life. It has been both enlightening and inspiring. I hope that I can continue to work closely with this committee in my new job and to serve the interest of its members. I am confident that I can make some contribution toward solving our trade problems if I have guidance from the members of the Finance Committee.

That is the only statement I would make.

The CHAIRMAN. The record will also include the biographical material on the nominee. (See page 2.) We intend to move on the nomination as quickly as we can. In fact, if there is no objection I would hope we might be able to poll out the nomination. And I move, if it is satisfactory with my colleagues, that we report the nomination and poll the members of the committee.

Again, I would indicate that I think every member of this committee has certainly had close contact with the nominee, and we are very pleased with this nomination.

I personally want to thank not only Bob Lighthizer, but his wife, who has probably put up with many, many nights without Bob. That is another indication that he is not afraid of hard work, long hours and whatever it may take to make it work. So the nomination is a loss for this committee, but it certainly is a great opportunity for the nominee. It has always been my feeling that if somebody has an opportunity, he should not let it pass. So we are wishing you the best of luck, and we will be following closely what you do. I would hope that we can act on the nomination quickly.

[Sound of briefcase falling on witness table.]

The CHAIRMAN. Thank you, Senator Mathias. That looks like TV in the Senate material there.

Senator MATHIAS. I wanted to invite Senator Long to come over to the Rules Committee. [Laughter.]

Senator LONG. I will be right along.

Senator MATHIAS. It will begin at 9:30.

Senator LONG. I will be right over.

The CHAIRMAN. Senator Moynihan, did you want to raise any objection to the nomination?

Senator MOYNIHAN. One views with mixed thoughts the fact that we will be without Mr. Lighthizer. His wife probably thinks that she will get him back now. But he will actually be in Tokyo instead of the Dirksen Senate Office Building. It is a reflection of the sense of pride that we have in the Finance Committee staff that we will

not really be losing Robert Lighthizer. We just send him to the other side of the policymaking apparatus: the administration, that is.

He knows, I believe, that many of us who are very deeply involved in the question of international trade policy feel the need to move out of the intellectual climate of the past, symbolized by reciprocal trade agreements and the General Agreements on Tariffs and Trade. These agreements have served the United States—and the world—enormously well, but they are somewhat outdated.

One of your predecessors, Alan Wolfe, a very distinguished man, gave a paper recently in Syracuse in which he said, "the United States has a trade policy but it does not have a trade strategy." This is a fairly accurate statement, excepting that the policy of the United States is not to have a trade strategy, but rather to let trade evolve out of the decisions of individual entrepreneurs. But the assumption that the world would behave the same way as we do has not turned out to be true. The way we modify our policy without necessarily becoming like the rest of the world is a genuine challenge conceptually and institutionally.

If there is one single sign that indicates that a problem is not being satisfactorily handled in the Government it is when an office in the White House is opened to deal with that problem. This has been the case with trade now for about a decade. It may be one of your greatest achievements to rectify this situation and establish a permanent institutional arrangement in the U.S. Government responsible for international trade.

Mr. Chairman, I am honored to be here and congratulate the nominee.

Mr. LIGHTHIZER. Thank you.

The CHAIRMAN. Thank you very much. If there are no other questions, we thank you, Mr Lighthizer.

Mr. LIGHTHIZER. Thank you, Mr. Chairman.

[Where upon, at 9:37 a.m., the hearing was adjourned.]

[By direction of the chairman, the following communication was made a part of the hearing record:]

PERITO, DUERK, CARLSON & PINCO, P. C.,
ATTORNEYS AT LAW,
Washington, D.C., April 15, 1983.

Re Nomination of Robert E. Lighthizer to be Deputy U.S. Trade Representative

Hon. ROBERT J. DOLE,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I wish to take this opportunity to express briefly my strong support for the President's nomination of Robert E. Lighthizer to be Deputy U.S. Trade Representative. Of course, as your Committee's former Chief Counsel, Mr. Lighthizer needs no introduction. I wish to say, however, that I have been a longtime personal and professional colleague of Bob and find him to be most qualified for this position. It is an outstanding selection for which Bob is ideally suited. Bob is an extraordinarily capable person, with superb credentials and a wealth of experience in the private sector as well as in public service to his country. We are fortunate that Bob will continue to be in his country's service in this new and challenging position.

Respectfully submitted.

FREDERICK H. GRAEFE.

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